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BEAUCE PLACER MINING CO. LTD.

(NO PERSONAL LIABILITY)



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FIFTH ANNUAL REPORT

Year Ended Dec. 31, 1962

Beauce Placer Mining Co. Ltd.

(No Personal Liability)

OFFICERS	M. J. BOYLEN, D.C.L., D.Sc. - - - - <i>President</i>
	JAMES K. CROWDY - - - - <i>Vice-President and Managing-Director</i>
	GORDON L. MOORE - - - - <i>Secretary-Treasurer</i>
	RAYMOND CARON - - - - <i>Assistant-Secretary</i>
	CHARLES B. BRANNIGAN - - - - <i>Assistant-Treasurer</i>
DIRECTORS	M. J. BOYLEN, D.C.L., D.Sc. - - Toronto, Ontario.
	JAMES K. CROWDY - - - - Seattle, Washington, U.S.A.
	ROBERT J. ISAACS - - - - Toronto, Ontario.
	FRANC R. JOUBIN - - - - Toronto, Ontario.
	JACQUES TASCHEREAU - - - - Montreal, Quebec.
HEAD OFFICE	620 Cathcart Street - - - - Montreal, Quebec.
EXECUTIVE OFFICE	908 - 330 Bay Street - - - - Toronto, Ontario.
MINE OFFICE	St Georges East, Quebec.
AUDITORS	THORNE, MULHOLLAND, HOWSON & McPHERSON - - - - Toronto, Ontario.
TRANSFER AGENTS	GUARANTY TRUST COMPANY OF CANADA - - - - Toronto, Ontario and Montreal, Quebec.

Beauce Placer Mining Co. Ltd.

(No Personal Liability)

Directors' Report

TO THE SHAREHOLDERS:

The Balance Sheet of your Company and its related financial statements of mine development and administrative expense covering the fiscal year ended December 31st, 1962, and the Auditors' Report, are presented for your consideration.

By agreement between the Company and New York-Alaska Mines Ltd., the latter has agreed to provide the services of its President, Mr. James K. Crowdy, to act as Vice-President and Managing Director of the Company and to direct all operations on the Company's mining rights and properties.

The report of operations by Mr. J. K. Crowdy is included in this Annual Report.

Your Directors wish to express their appreciation for the able services rendered during the year by the Mine Manager, the staff and employees of the Beauceville operation.

On behalf of the Board of Directors,

M. J. BOYLEN,
President.

Toronto, Ontario,
June 18th, 1963.

Beauce Placer Mining Co. Ltd.

(No Personal Liability)

Managing Directors' Report

June 14th, 1963.

The President and Directors,
Beauce Placer Mining Co. Ltd.,
Suite 908 - 330 Bay Street,
TORONTO 1, Ontario.

Gentlemen:

I submit herewith my report covering operations for the year 1962.

DREDGING

Most of the mining season was spent investigating different methods of overcoming the various problems caused by the strata of marine clay present between the overburden and the pre-glacial gravels and bedrock.

Bedrock in the main channel was reached but the unstable conditions caused by the influx of clay from the tailings made it impossible to recover all the gold. The gold recovered was coarse and bears out the drilling indications.

These difficulties encountered are unfortunate and costly but they are purely mechanical and can be overcome. Most important, they do not affect the essential fact that there is gold present in paying quantities. Clay is not unusual in dredging operations and has been found, in some degree, in most placer areas around the world.

In our particular case the type of clay creates some unusual problems. A solution can be found, and indeed it is essential, because in all probability a very large part of our potential dredging area, on streams other than the Gilbert, contains a similar type in varying amounts.

Any change in basic operating procedures involves considerable expense. It was therefore deemed advisable to investigate variations of ordinary methods first. This decision was concurred in by two consultants who were called in, in addition to various other experienced placer operators consulted. It is apparent that a different approach should be made.

With this in mind, a number of mechanical changes were considered and the most likely of these were selected and discussed with an outstanding authority on dredge design and clay handling problems. His experience covers every major placer field.

Technical details are not included in this report. The changes required will cost in the neighbourhood of \$50,000.00 and involve some of the techniques of suction dredging allied to normal bucket line digging procedures.

The design, testing and construction of this equipment will take some time, and the operation has been placed on a standby basis until this is accomplished.

In August we plan to drill some additional ground which we are acquiring. By that time it is hoped that the necessary arrangements will have been made to complete the programme which I have recommended.

It is unlikely, in any event, that much, if any, productive dredging, will be done during the balance of this year. In order to keep key men available, when needed, New York-Alaska has moved some personnel to its dredging operations in Alaska.

STRIPPING OPERATIONS

The location of the dredge is such that it is not feasible to continue stripping until later, when the dredge should dig itself over to the right limit, preparatory to installing the clay handling machinery.

MEULE CREEK

The machinery is available for starting mining operations on Meule Creek, but, with the major operation on a standby basis it would not be practical to start at this time.

ACKNOWLEDGEMENTS

I wish to thank the Officers and Directors for their assistance and the local staff and employees for their work and co-operation. I would also like to express my appreciation for the help and co-operation received from the Quebec Government and Municipal agencies connected with the different phases of our programme.

JAMES K. CROWDY,

Vice President and Managing Director.

BEAUCE PLACER

(No Personal Liability)

Incorporated under the laws of the Province of Ontario

Balance Sheet —

ASSETS

CURRENT ASSETS:

Cash	\$ 35,483.01	
Accounts receivable	1,201.01	
Government of Canada bond on deposit with Quebec Securities Commission, at cost (market value \$925.00)	1,000.00	
Prepaid expenses	30,375.35	\$ 68,059.37
Stores and supplies, at cost		18,244.52

FIXED ASSETS, AT COST:

Land	44,632.58	
Drilling and automotive equipment, machinery and furniture	121,609.85	
Dredge and dredging equipment	725,071.05	
Mining rights and properties, at value assigned by directors to 750,000 fully paid shares (10¢ per share) issued as consideration therefor	\$75,000.00	
Value assigned by directors to 300,000 fully paid shares (30¢ per share) issued as consideration for exploration and development expenses of \$100,274.65 on the foregoing mining rights and properties	90,000.00	165,000.00
		1,056,313.48

DEFERRED CHARGES:

Exploration and development expenses	714,177.88	
Administration and general expenses	167,659.55	
Organization expense	500.00	882,337.43

Approved on behalf of the Board:

M. J. BOYLEN, Director.

R. J. ISAACS, Director.

\$ 2,024,954.80

The accompanying notes to the financial statements

AUDITOR

To the Shareholders of

BEAUCE PLACER MINING CO. LTD. (No Personal Liability):

We have examined the balance sheet of Beauce Placer Mining Co. Ltd. (No Personal Liability) and administration and general expenses for the year ended on that date and have obtained a review of the accounting procedures and such tests of accounting records and other supporting documents as we considered necessary.

In our opinion, and according to the best of our information and the explanation and related statements of exploration and development and administration and general affairs of the company as at December 31, 1962 and the results of its operations for the year, the balance sheet and statement of expenses are presented fairly on a basis consistent with that of the preceding year.

Toronto, Canada,
February 18, 1963.

MINING CO. LTD.

Liability)
the laws of Quebec

December 31, 1962

LIABILITIES

CURRENT LIABILITIES:

Bank loan	\$575,000.00	
Accounts payable and accrued expenses	98,868.47	
Demand notes payable and accrued interest	60,513.42	
Accrued interest on subordinated promissory notes	30,979.49	\$ 765,361.38

LONG-TERM LIABILITIES:

5% Unsecured, deferred subordinated promissory notes due November 30, 1965	350,000.00
	<u>1,115,361.38</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 2):

Authorized, 4,000,000 shares, par value \$1.00 each

Issued:

	No. of shares and par value	Discount	Net	
For cash (964,750 shares issued during the year for \$214,425.00)	2,635,000	\$ 1,885,377.50	\$749,622.50	
For mining rights and properties	750,000	675,000.00	75,000.00	
For exploration and development	300,000	210,000.00	90,000.00	
	<u>3,685,000</u>	<u>2,770,377.50</u>	<u>914,622.50</u>	
DEFICIT			5,029.08	909,593.42
				<u>\$ 2,024,954.80</u>

ments are an integral part of this statement.

REPORT

al Liability) as at December 31, 1962 and the statements of exploration and development
all the information and explanations we have required. Our examination included a general
rting evidence as we considered necessary in the circumstances.

iven to us and as shown by the books of the company, the accompanying balance sheet
enses are properly drawn up so as to exhibit a true and correct view of the state of the
ar ended on that date, in accordance with generally accepted accounting principles applied

THORNE, MULHOLLAND, HOWSON & McPHERSON,
Chartered Accountants.

Beauce Placer Mining Co. Ltd.

(No Personal Liability)

NOTES TO FINANCIAL STATEMENTS

December 31, 1962

1. Under an agreement dated August 1, 1962, amending a previous agreement dated January 4, 1961 between the company and New York-Alaska Mines Ltd., the latter has agreed to provide the services of its President, James K. Crowdy, to act as Vice-President and Managing Director of the company and to direct all operations on the company's mining rights and properties. The company has agreed to pay New York-Alaska as a fee for the services of James K. Crowdy the greater of (a) the time spent on the company's affairs based on a rate of \$1,500.00 for a full month or (b) ten per cent of the annual net proceeds before income taxes, as defined, from the operations of the company. Monies owing under alternative (b) are to remain unpaid until the company has repaid all obligations under the subordinated notes and bank loan. The agreement shall not be terminated before April 22, 1970 as long as the services of Mr. Crowdy are provided except on three months' notice if in the judgment of either party the commercial operations of the company will not produce net proceeds. After April 22, 1970 the agreement shall continue on the same terms but may be terminated on six months' notice by either party.
2. During the year the company obtained supplementary letters patent increasing authorized capital from \$3,000,000.00 to \$4,000,000.00 by the creation of 1,000,000 additional shares of the par value of \$1.00 each.

Beauce Placer Mining Co. Ltd.

(No Personal Liability)

STATEMENT OF EXPLORATION AND DEVELOPMENT EXPENSES

Year ended December 31, 1962

	Balance December 31, 1961	Expenses during 1962	Balance December 31, 1962
Drilling	\$177,589.33	\$ 5,517.43	\$183,106.76
DEVELOPMENT EXPENSES:			
Drainage	18,968.96	15,594.71	34,563.67
Access road	1,730.56	—	1,730.56
Dam and dredge pit	4,354.41	—	4,354.41
Cleaning and stripping	31,763.07	66,405.46	98,168.53
Dredge into pay area	54,444.60	129,207.41	183,652.01
	111,261.60	211,207.58	322,469.18
Less Preproduction bullion revenue (net)	17,288.23	—	17,288.23
	93,973.37	211,207.58	305,180.95
Purchase of land easements	10,535.91	—	10,535.91
MINE OVERHEAD INDIRECT EXPENSE:			
Salaries	31,415.36	11,532.90	42,948.26
Rent and services	16,067.73	2,983.20	19,050.93
Postage, stationery and supplies	2,298.91	764.94	3,063.85
Telephone and telegraph	4,029.83	2,118.86	6,148.69
New York-Alaska office expense	13,426.83	5,384.43	18,811.26
Office and warehouse expense	2,612.02	277.54	2,889.56
Supervision	23,592.81	2,075.00	25,667.81
General engineering and drafting	7,074.01	4,967.14	12,041.15
Travelling and transportation	27,360.14	2,512.22	29,872.36
Employment service	1,424.35	—	1,424.35
Legal	259.95	124.90	384.85
Vacation with pay	3,301.51	2,023.38	5,324.89
Employee welfare	713.25	191.87	905.12
Bank charges	432.61	202.23	634.84
Loss on sale of fixed assets	7,441.31	53.28	7,494.59
Watchmen's salaries and expenses	4,127.85	—	4,127.85
General insurance	8,045.92	7,456.33	15,502.25
Employees' group insurance	995.72	504.03	1,499.75
Unemployment insurance and workmen's compensation	10,400.84	5,067.12	15,467.96
Municipal taxes	—	894.06	894.06
Taxes and licenses	4,456.03	953.96	5,409.99
Minimum wage expense	—	121.98	121.98
Mineral claim renewal fees	1,474.13	—	1,474.13
	170,951.11	50,209.37	221,160.48
	453,049.72	266,934.38	719,984.10
Less Revenue from wood cutting (net)	5,806.22	—	5,806.22
	\$447,243.50	\$266,934.38	\$714,177.88

Beauce Placer Mining Co. Ltd.

(No Personal Liability)

STATEMENT OF ADMINISTRATION AND GENERAL EXPENSES

Year ended December 31, 1962

	Balance December 31, 1961	Expenses during 1962	Balance December 31, 1962
Advertising	\$ 4,629.98	\$ —	\$ 4,629.98
Bank loan interest	9,068.86	27,694.67	36,763.53
Overdraft interest, bank charges and discounts	8,443.22	4,373.29	12,816.51
Interest on promissory notes	17,980.92	21,507.83	39,488.75
Corporation taxes	432.45	182.41	614.86
Engineering and consulting	2,943.78	250.00	3,193.78
Legal and audit	12,018.55	1,698.15	13,716.70
Postage, stationery and supplies	5,666.91	365.92	6,032.83
Security and registration expense	1,935.00	50.00	1,985.00
Listing and sustaining fees	1,365.00	500.10	1,865.10
Telephone and telegraph	3,352.95	653.21	4,006.16
Transfer agent and registrar's fees	2,194.54	597.21	2,791.75
Travelling expense	4,835.79	1,482.09	6,317.88
Administration	21,600.00	6,000.00	27,600.00
Reports to shareholders	3,357.81	549.60	3,907.41
Payment to widow of former manager	1,000.00	—	1,000.00
General expense	902.18	27.13	929.31
	<u>\$101,727.94</u>	<u>\$65,931.61</u>	<u>\$167,659.55</u>

